



D E P A R T M E N T O F

Management & Budget

**REPORT OF PROPOSED
CHANGES IN EXCESS OF
\$500,000 TO CURRENT
CONTRACTS FOR
COMPUTER SOFTWARE
DEVELOPMENT,
HARDWARE
ACQUISITION, OR
QUALITY ASSURANCE**

Prepared for
The Michigan Legislature

10/7/2008

**Prepared for
The Michigan Legislature**

**By
The Department of Management and Budget
Purchasing Operations**

**In accordance with
Sec. 710 of Public Act 261 of 2008**

**Questions regarding this report may be directed
to Greg Faremouth, (517) 241-1646**

FIRST AND LAST CHANGE NOTICES:

	TYPE OF CHANGE:	SAB APPROVAL DATE (if applicable)	VALUE OF CHANGE:	DATE CCN PROCESSED
First CN	Change buyer on the contract		\$0.00	4/17/2007
Last CN	Exercise option year and add funds to the contract	11/6/2007	\$1,647,036.00	11/11/2007

FUNDING SOURCE:	PERCENTAGE	COMMENTS
Federal Fund	50%	Federal Grant funds
General Fund	50%	

ESTIMATED INCREASE DETAILED BY FISCAL YEAR(S):

FY	Dollar Amount
2009	\$1,858,236.00

PURCHASE JUSTIFICATION:

Description of Product/Service Modification Requested and Process Explanation: This request is to exercise the one year contract option to carry on contractual automation services for fiscal year 2009. Continuation of this contract will maintain and support the automated Medicaid Program's Hospital, Long-Term Care (LTC) (nursing home), and Audit areas in the health care facility rate setting, reimbursement, and audit programs.

Purpose/Business Case of Amendment or Extension, and Expected Outcomes: Under the Medicaid long-term care program, participating providers are required to file annual cost reports from which data is used to calculate facility specific prospective reimbursement rates. The LTC Reimbursement and Rate Setting Section have primary administrative responsibility for the reimbursement program. The Office of Audit performs the federally required monitoring of these cost reports through in-house or on-site expenditure audits of the cost reports. The cost report information is used to calculate per diem reimbursement rates and determine annual reimbursement settlements for long-term care providers.

Risk Assessment: The consequences of not continuing the contract would result in the loss of all federal funding for hospitals, long-term care facilities, federally qualified health centers, rural health centers, tribal health centers, local public health departments, and school-based services providers. Additionally, payments to these providers would be considerably delayed.

PRICE CLAUSE: Firm-Fixed Price

CS-138 #: 084S3000018

COST REDUCTION/SAVINGS CONSIDERATIONS:

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☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

PURCHASING APPROVALS

Joann Klasko
Buyer Signature

Manager Signature

Greg Faremouth
Division Director Signature

Elise A. Lancaster
Purchasing Operations Director

AGENCY APPROVALS

Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
Contact Name:
ID Mail:
Phone No.:
e-Mail: